

WASHINGTON, DC—On April 2, 2009, Congressman Joe Sestak (Pa-07) voted for H. Con. Res. 85, the Budget Resolution for Fiscal Year (FY) 2010, which the House of Representatives passed by a vote of 233 to 196. The Congressman supported this bill because it institutes key strategic investments in education, energy, and health care needed to retool our economy to be competitive in the future, while continuing the necessary actions already underway to promote recovery from the present global economic challenge. The budget resolution provides a strong framework for overcoming our immediate financial crisis and laying the groundwork for our future prosperity. However, while Congressman Sestak did vote for the bill because of its needed priorities in reclaiming a competitive economy, he does not agree with two procedural aspects of the House budget resolution, and intends to continue to work on changing them as the budget process proceeds:

First, the House Budget resolution includes a procedure called “reconciliation”, which effectively means that a bill can pass both the House and the Senate on a straight party-line vote. In this resolution, the House included provisions allowing reconciliation procedures to be used for votes on reforming health care and education. These issues are too important to be decided by a straight party vote, particularly in health care which accounts for one-seventh of the Nation’s economy. All parties deserve a substantive voice in the debate, which can only benefit from having both parties involved. Furthermore, if needed reform is to be long-lasting, a one party decision will have neither the broad support of a significant number of citizens, nor will it be long-lasting as parties change control.

Second, Congressman Sestak did support the House’s use of economic assumptions from the Congressional Budget Office (CBO) rather than the Administration’s assumptions (which were more optimistic, and less realistic, according to “blue chip” economists). However, while the Administration’s submitted budget was notable for the significant reduction of often-used budgetary “gimmicks” that hid the true costs of budget proposals, the House budget resolution is less transparent and effectively keeps a number of actions “off-budget.” Specifically, the House budget reflects “policy reserve funds” that are not included in the budget deficit for actions to improve Medicare payments, bring about Middle Class Tax Relief, permanently index the Alternative Minimum Tax (AMT), and reform the Estate and Gift Tax. The deficit impact – while minimal in 2010 -- grows to about \$200 billion in 2014. While the House provisions require that the House must approve Pay-Go language for these provisions (where resources must be found prior to approving these actions) prior to their being brought forward in the future, it does not include the Senate. That means that unless the Senate also approves Pay-as-you-go offset provisions, these actions could contribute to the deficit in future years. Congressman Sestak will continue to work so that both parties have a constructive role in the debates on health care and education reform and that the true costs of legislative actions are fully transparent and communicated to the American people.

Ultimately, Congressman Sestak voted for the House Budget because he believes it is important to focus this year primarily on ending the recession as quickly as possible by the beginning of next year, while strategically investing in the key reforms of health, education and energy needed to make our economy competitive once the recession ends. This bill does this by adding only minimally to the deficit in FY 2010. However, as this recession ends, Congressman Sestak will work to address the long-term structural funding issues that cause America's budget to become unsustainable by 2019 if these problems are not addressed, which include the correct approach to Medicare, Medicaid, Social Security, and other mandatory funding, without affecting the benefits provided. Specifically, the House Budget:

builds on the actions taken as part of the American Recovery and Reinvestment Act (the Stimulus Bill) to prevent job losses and rebuild the nation's infrastructure and energy independence for the future;

begins the strategic investment we must make on health care reform that is necessary to lower costs, improve quality, and expand coverage for the 46 million Americans who now lack health insurance and costs this country more than \$100 billion annually in lost productivity;

provides investment for rebuilding our educational system to provide an educated and skilled workforce able to function effectively in the future;

reduces energy dependence and new jobs for the future by increasing investments in renewable energy and energy efficiency by 18% over 2009; and

reduces the deficit by 50% over the next five years.

"I want to make it clear to my constituents that I view this Nation's economic priorities and strategic investments as a two-stage process," said Congressman Sestak. "First, we must be aggressive up front in confronting this economic crisis. If we do not act boldly now, we will face much larger—not smaller—deficits in the future. And our stimulus measures must take the form of strategic investments—as the President has advocated and the House has included in its budget—in education, energy, and health care. These investments now will pay tremendous dividends in the future, in the form of greatly reduced energy and health care costs and a healthy, productive, competitive workforce that will drive our economic prosperity in the future. The second phase is to address the longer term, 'structural deficit' that the President has inherited, in the form of unsustainable spending for mandatory entitlements. We will take the necessary steps to revitalize our economy now and then focus our efforts and attention on entitlement reform to reduce the deficit, taking into account social security, Medicare, Medicaid and other programs without losing benefits for those who are recipients of these programs."

The House Budget Resolution provides for \$3.55 trillion in total spending in FY 2010, 3% less than the Administration's budget, with a deficit of \$1.22 trillion in 2010. The five year plan calls for a reduction in the federal deficit to a level of \$598 billion by FY 2014 (this does not include the approximately \$200 billion in "reserve funds" mentioned above. Specific provisions include:

**Fiscal Responsibility:** The House Resolution takes the inherited record budget deficit of approximately \$1.2 trillion in 2009 and reduces it by 50% in 5 years. However, by 2019 the budget deficit is forecast to be equivalent to 82% of GDP, and rising; this makes the budget unsustainable, which is why -- once the needed priorities in this budget move us quickly through the present recession -- the long-term structural causes of the growing deficit must be addressed. Of note, the FY2010 budget adds minimally to the deficit, preserving the ability to best address the driving factors behind our long-term deficits as the recession ends.

**Economic Recovery:** As noted, the House Resolution builds on the efforts, particularly the Economic Stimulus, which passed earlier this year, by including tax relief to middle class families, creating jobs through infrastructure investments, investing in education, health care reform and modernization, and investments in energy independence. These investments slow unemployment and aid working Americans and in doing so help to restart a cycle of positive economic growth.

**Defense Funding:** The House Budget Resolution improves America's defense security by providing a 4% increase in Defense Department spending in FY 2010. This matches the President's proposed Defense spending level.

**Veterans' Care:** The House Resolution calls for an 11.5% increase in funding for Veterans' Programs, to include improvements in health care services, benefits, and services. The resolution also states that the Veterans' Administration should not be authorized to bill private insurance companies for veterans' service related injuries.

**Health Care:** The House Resolution, similar to the President's budget, establishes a reserve fund for health care reform. This resolution also states that health care reform should be deficit neutral and covered under the PAY GO rules instituted by the Democratic Caucus in 2007, though it leaves the specific figures up to the respective House Committees as they make decisions on what to include in health care reform and how to find appropriate funding to do so. The health care initiative in the House Resolution focuses on improving efficiency, investing in preventative care and health education as well as addressing access and cost issues.

**Energy:** The House Resolution contains numerous provisions which build upon many of the

energy initiatives included in the American Recovery and Reinvestment Act (ARRA) (Economic Stimulus Bill) passed earlier this year including: modernizing the electricity grid to make it more efficient, secure, and reliable; loans for renewable energy power generation; increasing the energy efficiency of federal buildings; and assisting states and local governments in becoming more energy efficient. Provisions include an 18% increase in energy programs above FY 2009 funding levels, a reserve fund which accommodates fiscally responsible legislation to promote energy independence, and funding for new energy initiatives which will improve our nation's energy efficiency and independence. The House Resolution does not address cap-and-trade provisions for energy and environmental betterment, but it will be an important part of this year's actions to address climate change and alternative energy.

Education: The House Resolution accommodates the President's strong investment in education initiatives. The resolution increases available funding for Head Start and Individuals with Disabilities Act, improves the affordability of college by providing a proposal to raise the maximum Pell grant award, increases education funding for targeted services which raise student achievement, and provides funds for a comprehensive literacy initiative. With 200,000 individuals failing to attend college every year because it is unaffordable to them, and 82% of jobs by 2020 requiring a college degree, these investments in education are necessary to protect our economic strength.

Oversight: As part of the effort to improve accountability and transparency to the spending and execution of government funds, the House Resolution includes provisions which direct all House Committees to review programs within their jurisdiction to root out waste, fraud, and abuse in program spending.

*Born and raised in Delaware County, former 3-star Admiral Joe Sestak served in the Navy for 31 years and now serves as the Representative from the 7th District of Pennsylvania. He led a series of operational commands at sea, including Commander of an aircraft carrier battle group of 30 U.S. and allied ships with over 15,000 sailors and 100 aircraft that conducted operations in Afghanistan and Iraq. After 9/11, Joe was the first Director of "Deep Blue," the Navy's anti-terrorism unit that established strategic and operations policies for the "Global War on Terrorism." He served as President Clinton's Director for Defense Policy at the National Security Council in the White House, and holds a Ph.D. in Political Economy and Government from Harvard University. According to the office of the House Historian, Joe is the highest-ranking former military officer ever elected to the U.S. Congress.*

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